

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. In East Germany in the summer of 1953, efforts to establish a new organization of the "electrical communications services" began to take definite form. The aim of the new organization was to establish a strong and well-coordinated centralized administration patterned closely after the Russian organization. In Czechoslovakia, this newly organized system has already been introduced. The previously existing system suffered from the fact that the individual production plants carried out development work independently of each other and under the supervision of different ministries. At times, the same development project was carried out in four different places. A further disadvantage, especially with respect to the established plan quota, was that development engineers were repeatedly assigned to the production field and thus removed from their development activity.
2. In the new plan, which has as yet not proceeded beyond the discussion stages, three main points were proposed:
 - a. The Academy of Sciences to be exclusively responsible, in the Heinrich Hertz Institute, for basic research;
 - b. The Central Institute for Radio Technology to be responsible for the entire program of equipment development;
 - c. In the plants themselves, only so-called plant development would be undertaken; this is understood to be a so-called post production development (Nachentwicklung) to be initiated in direct connection with production problems.
3. On the basis of this plan, the East German Council of Ministers approved on 24 January 1953 the establishment of the Central Institute of Radio Technology (Zentralinstitut fuer Funktechnik), as indicated in the Zentrales Verordnungsblatt of 24 January 1953. It appeared, however, that the radio industry

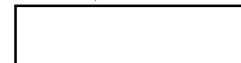
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would not be touched, but that personnel and equipment for the new institute were to be taken from the former Central Laboratory for Broadcasting and the Post and Telecommunications Engineering Central Bureau. This marked the beginning of the actual struggle of the radio industry against this new system. The industry was supported in its point of view by the danger of the defections of scientists to the West, as a result of centralization of research in Berlin. On the other hand, scientists were unwilling to move from Berlin into the Zone to work. As a compromise, the institutes were located in the outskirts of Berlin. Up to the present, however, the industry has succeeded in preventing the actual implementation of the new system, although each month enormous sums are spent without tangible results. In its current status, the Central Institute is engaged in postal projects only.

4. Since the situation is now completely confused, and money is still being squandered, a commission has been formed to establish a completely new organization within the year. This commission includes three State Secretaries from the responsible Ministries. It currently is employing the services of the most capable development men of the individual groups and also carries out plant inspections. No decisions have yet been made by this commission; it cannot be foreseen at this point what its decisions will be. So far, it would appear that development projects will remain in the individual production plants, but will be centrally directed in the future. For several weeks, the Central Committee of the SED has also been intervening in these negotiations. As a result of the unclarified organizational questions, the budget discussions for 1954 have failed to make any progress.

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